



# Is the grass greener on the other side? A longitudinal study of the impact of employer change and occupational change on job satisfaction

Ying Zhou<sup>a,\*</sup>, Min Zou<sup>b</sup>, Mark Williams<sup>a</sup>, Vurain Tabvuma<sup>c</sup>

<sup>a</sup> Department of People and Organizations, Surrey Business School, University of Surrey, Guildford GU2 7XH, UK

<sup>b</sup> Bain & Company, London, UK

<sup>c</sup> St. Mary's University, Sobey School of Business, Department of Management, Halifax, Nova Scotia B3H 3C3, Canada

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## ABSTRACT

Research shows that individuals experience a honeymoon-hangover pattern when they change employers. This study provides further insight into this pattern by comparing the experience of those who change employers within and across occupations. Drawing on the longitudinal data from the British House Panel Survey 1991–2008, we find that the honeymoon effect was primarily driven by the experience of those who change employers across occupations. Patterns of post-transition adaptation also differ between the two categories of job changers. While there is evidence of adaptation of job satisfaction to employer change within occupation, those who change employers across occupations experience a steady decline of intrinsic job satisfaction which continues for at least six years after the transition.

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## 1. Introduction

An extensive body of research shows that individuals experience a honeymoon-hangover effect following job change (Boswell, Boudreau, & Tichy, 2005; Boswell, Shipp, Payne, & Culbertson, 2009; Chadi & Hetschko, 2014; Georgellis & Tabvuma, 2010; Georgellis & Yusuf, 2016). The pattern is characterised by a significant increase in the reported level of job satisfaction when individuals enter the new job ('honeymoon') and its subsequent decline back to the baseline over time ('hangover'). Research shows that the honeymoon effect often results from organizations' tendency to portray their most favourable characteristics to new recruits during the hiring and initial socialization processes (Ashforth, 2001; Tabvuma, Georgellis, & Lange, 2015; Van Maanen, 1975) combined with individuals' tendency to rationalize the decisions which they have already made (Lawler, Kuleck, Rhode, & Sorensen, 1975; Vroom & Deci, 1971). The hangover effect can be accounted for by socialization theory (Chatman, 1991; Louis, 1980) or set point theory (Headey & Wearing, 1989), both of which suggest that individuals adapt to changes over time as they gain increased information about and exposure to the new environment.

The literature on the honeymoon-hangover effect has generally treated job changers as a relatively homogenous category of employees. However, job change involves two distinct types of processes: 1) moving to a different employer while continuing in a similar type of job (employer changes within occupations); and 2) moving to a different employer while also moving to a different type of job (employer changes across occupations). Making this distinction is important because the two job-related

\* Corresponding author.

E-mail address: [ying.zhou@surrey.ac.uk](mailto:ying.zhou@surrey.ac.uk) (Y. Zhou).

changes differ in many ways which can lead to fundamentally different implications for consequent well-being and workplace behaviour.

Occupational change is a significant life event because substantial research has shown that occupation represents an important indicator of individuals' socioeconomic status and plays a critical role in shaping job tasks, skill set, economic rewards, subculture, and social identity (Goldthorpe, 2007; Grusky & Sorensen, 1998; Kalleberg & Griffin, 1978; Rose, 2003; Weeden, 2002; Weeden & Grusky, 2012). A change of occupation can result in an erosion of occupation-specific human capital due to change in job tasks and associated skill requirements. The switch can also lead to alterations to one's professional networks and social identity. Changing employers within occupations, on the other hand, mainly involves changes in the external workplace environment without significant modifications to job content. Individuals who change employers within occupations are usually able to continue to apply their job-specific skills and knowledge in their daily work, while occupational changers can confront the significant challenges of starting a new career. These differences imply that individuals' reactions to the new job are likely to differ depending on the type of career transition that they have made. Knowledge of the consequences of different types of job change will help individuals plan their career and employers to understand employees' reactions to their new job which has important implications for work motivation, behaviour and retention (Boswell et al., 2005; Boswell et al., 2009).

To our knowledge, no empirical study has utilised large-scale national longitudinal data to examine the long-term differences in employee experience of these two types of job change. This article aims to bridge this gap by comparing the job satisfaction trajectories of those who change employers within occupations to those who change both employers and occupations. We draw on the data from the British Household Panel Survey to assess the prevalence of the two types of job change in the British labour market during the period 1991–2008 and examine the extent to which there are similarities and differences in overall, intrinsic, and extrinsic job satisfaction between the two groups over time.

## 2. Theoretical framework

### 2.1. Employer change, occupational change and job satisfaction

Research on the impact of job change on job satisfaction has identified systematic patterns to how job satisfaction evolves with respect to the temporal proximity of making the change (Boswell et al., 2005; Boswell et al., 2009; Chadi & Hetschko, 2014). The pattern is characterised by a dip in job satisfaction preceding separation and a sharp rise in job satisfaction upon entry into the new job (the honeymoon effect). Over time as individuals adapt to the new environment their job satisfaction gradually returns to the baseline level (the hangover effect).

There are several reasons for the observed 'honeymoon' and 'hangover' effects. For instance, the honeymoon effect can be influenced by the overly positive message conveyed by employers during the recruitment process (Ashforth, 2001; Ilgen, 1971; Ward & Athos, 1972). Moreover, individuals are also predisposed to view their new job in a positive light (Fichman & Levinthal, 1991; Leblibici & Salancik, 1982), as memory of the negative aspects of the previous job (which are likely to have motivated separation) often serve as a benchmark against which the new job is evaluated (Boswell et al., 2005). This contrast can result in initial elevated positive reporting of job satisfaction. As time passes, however, individuals acquire more information about the new organization and the less favourable job features become more evident, which lead to a gradual decline of job satisfaction to its baseline level (Boswell et al., 2005; Chatman, 1991; Louis, 1980). In summary, the emotional journey through the job change process reflects raised expectations about the new job and a subsequent disenchantment as people return to mundane daily activities.

In contrast to the rich discussions about the causes of honeymoon-hangover effects, the issue of how these effects differ between different types of job change has received little attention. A distinction concerns whether the job change involves only a change of employer or a change of both employer and occupation. The distinction is important because the former is associated with changing the environment in which work activities are carried out whereas the latter is related to switching both work environment and the nature of job tasks. There is a vast body of research showing that job nature is a significant determinant of both extrinsic and intrinsic job rewards (e.g., Goldthorpe, 2007; Mouw & Kalleberg, 2010; Rose, 2003; Weeden & Grusky, 2005; Williams, 2013). A change of both employer and occupation therefore represents a more radical transition, which might have different implications for job satisfaction compared to employer changes within occupations.

Occupation switching can influence job satisfaction for a number of reasons. First, job characteristics theory points to the importance of core job characteristics (skill variety, task identity, task significance, autonomy, and feedback from the job) for shaping employees' work motivation and job satisfaction (Hackman & Oldham, 1980). Occupations differ substantially in the nature of job tasks and associated skill requirements (Gallie, Felstead, & Green, 2012; Goldthorpe, 2007; Mouw & Kalleberg, 2010). Occupational change can lead to a sharp disruption in the nature of the job, and hence experienced core job characteristics. Individuals' psychological reaction to occupational change is likely to be influenced by the perceived differences between the previous and the new job in terms of central task characteristics.

Second, recent labour economics research shows that human capital is to a significant extent occupation-specific (Hagedorn, Kambourov, & Manovskii, 2005; Kambourov & Manovskii, 2009; Kwon & Milgrom, 2004; Zangelidis, 2008). Human capital refers to the skills and knowledge, acquired from education and training, that affect individuals' labour productivity (Becker, 1993; Lemieux, 2006). A rich body of empirical research has shown that occupation-specific human capital contributes significantly to wages, one of the fundamental determinants of job satisfaction. Kambourov and Manovskii (2009) find that controlling for individual and workplace characteristics, five years of occupational tenure is associated with a 12% wage increase. Once occupational

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